UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/474,492	12/29/1999	THOMAS J. FOTH	E-974	2311

919	7590	01/27/2005	

PITNEY BOWES INC.
35 WATERVIEW DRIVE
P.O. BOX 3000
MSC 26-22
SHELTON, CT 06484-8000

EXAMINER
WASYLCHAK, STEVEN R

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 01/27/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 10/03)

UNITED STATES PATENT AND TRADEMARK OFFICE

COMMISSIONER FOR PATENTS
UNITED STATES PATENT AND TRADEMARK OFFICE
P.O. BOX 1450
ALEXANDRIA, VA 22313-1450
www.uspto.gov

BEFORE THE BOARD OF PATENT APPEALS

AND INTERFERENCES

Application Number: 09/474,492

Filing Date: 09/474,492

Appellant(s): FOTH ET AL

Steven J. Shapiro

<u>For Appellant</u>

EXAMINER'S ANSWER

This is in response to the appeal brief filed November 5, 2004

REAL PARTY OF INTEREST

The real party in interest is Pitney Bowes Inc. which acquired all rights to the above identified application by way of an assignment which was recorded In the Assignment Branch of the United States Patent and Trademark Office on December 29, 1999 at Reel 010484 and Frame 0544.

RELATED APPEALS AND INTERFERENCES

There are no related Appeals or Interferences which will directly affect or be directly affected by or have a bearing on the Board's decision in the instant appeal.

STATUS OF CLAIMS

This Application is on Appeal, pursuant to 35 U.S.C. Section 134, from the Final rejection of claims 1-24 dated May 05, 2004. The instant application was originally filed with claims 1-12. In the Amendment filed on July 11, 2002 claims 1, 5-7, and 10-12 were amended and claims 13-24 were added. In an amendment filed on April 30, 2003 claims1424 were amended and in an amendment filed on November 03, 2003 claims 1 and 13 were amended. Accordingly, claims 1-24 are currently pending and are being appealed. Appendix A sets forth claims 1-24.

STATUS OF AMENDMENTS

-There are no outstanding amendments to the claims.

SUMMARY OF CLAIMED SUBJECT MATTER

Page 14, line 1, to page 15, line 26, together with Figures 1, 2, and 8 provide a detailed description of an embodiment of the inventive refund method and structure as set forth In independent claims 1, 12, 13, and 24. Specifically, each buyer 102 has a vault 170 and an associated dispute account (no numeral) established at a payment computer 132. Computer 132 communicates with buyer computer 122 to complete an electronic purchase of a product by the buyer 102. However, once the sale is completed, the buyer 102 is given the opportunity to request a refund if they are not satisfied with the product (Figure 8, step 800). If the buyer 102 requests a refund, the payment computer 132 may perform various checks at step 824 to determine if a refund is permissible. Assuming the checks at step 824 are satisfactory, a refund is given to the buyer by crediting the buyer account 170 by the refund amount (step 830). Further, the refund amount is also accounted for in the separate refund (dispute) account (step 820). By tracking an individual buyer's refund activity in their dispute account, a threshold value can be set which, when exceeded, would cause the buyer's vault 170 to become inactive as set forth, for example, in claim 2. In other words, if a buyer exceeds their pre-allocated unchallenged refund request threshold no further refund requests will be automatically honored. This inventive method permits refunds to be freely and

automatically given while at the same time providing a mechanism for detecting

refund abusers and ensuring that continued abuse will not occur.

GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

At issue in this Appeal Is the propriety of the following rejections:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set
>
> forth in section 102 of this title, if the differences between the subject matter sought to be patented and
>
> the prior art are such that the subject matter as a whole would have been obvious at the time the
>
> invention was made to a person having ordinary skill in the art to which said subject matter pertains.
>
> Patentability shall not be negatived by the manner in which the invention was made.

Claims 1, 3-6, 9-13, 15-18, 21-24 are rejected under 35 U.S.C. 103(a) as being

unpatentable over Barber (US 6,349,288).

As per claim 1,

A method for facilitating electronic refunds in an online commercial transaction,

the method comprising the steps of:

A) establishing communication over a network between a payment computer and a

buyer computer, the payment computer having a vault with buyer funds therein and a

refund account for a buyer: / col 1, L 25-34, L 65-68, and claim 1 are the network; col

2, L 1-8, fig 1(11, where B=broker) and claim 1(L 27-35) are the price tag server acting

as the payment computer where the payment computer is part of broker system (col 1,

L65-67) which has a vault equivalent (col 6, L 33-35: consumer has an account with the

broker which "holds resources" and thus acts as a vault or wallet or reserve for paying

for access to the ppv (paid for view information) noting that the applicant in the

specification (page 15, L 9-27), fig 2(132,172) also has a broker computer architecture;

col 2, L 17-31, L 52-56, claim 1(L 27-35); fig 1(20,11),col 1, L 25-30, L 61-64(all refer to

a buyer computer over the internet or network); refund account for buyer or

"C"=consumer: fig 1(20,13); col 2, L 5-16, L 52-64; claim 7 f,g

B) receiving at the payment computer a plurality of requests from the buyer computer to

purchase items, each of the plurality of requests being associated with a corresponding

one of the items; / fig 1 (13, 20); col 2, L 1-16, where an item would be a pay for view

program or a unit of pay per view information

C) Barber teaches accepting the plurality of requests to purchase items and debiting the

vault to account for costs related to all of the items; / col 6, lines 19-21, lines 33-38.

Barber fails to explicitly teach the feature of debiting a vault.

Official notice is taken that this feature of debiting a vault or an asset reserve

equivalent on the "books" of the broker is old and well known in the accounting art and /

or retail art. The vault acts as an account with debit(s) and credit(s) for transactions. It

would have been obvious to one of ordinary skill in the art at the time of applicant's
invention to implement this feature for the advantage of maintaining proper accounting
entries for subsequent audits and recording revenue.

D) receiving at the payment computer from the buyer computer a buyer selected
request to refund the cost of at least one of the corresponding ones of the items; and /
col 2, L 1-16; col 5, L 44-51; col 5, L 58-64

E) Barber teaches receipt of the request to refund,/ fig 1(20,13); col 2, L 5-16; col 4, L
51-53; col 6, L61-62.

However, Barber does not explicitly teach the payment computer accounting for the cost
of the at least one of the corresponding ones of the items in the refund account and
credits the vault with the cost of the at least one of the corresponding ones of the items
thereby effectuating a refund to the buyer. Official notice is taken that this feature of the
payment computer accounting for the cost of the at least one of the corresponding ones
of the items in the refund account and credits the vault or a reserve asset account with
the cost of the at least one of the corresponding ones of the items thereby effectuating a
refund to the buyer is old and well known in the accounting art and / or retail art. It
would have been obvious to one of ordinary skill in the art at the time of applicant's
invention to implement this feature of the payment computer accounting for the cost of
the at least one of the corresponding ones of the items in the refund account and credits
the vault with the cost of the at least one of the corresponding ones of the items thereby
effectuating a refund to the buyer for the advantage of maintaining proper accounting
entries according to generally accepted accounting principles for subsequent audits.

As per claim 3,

Barber does not explicitly teach that the buyer is compensated for buyer funds

remaining in the vault at the time the vault is rendered inactive.   Official notice is taken

that this feature of that the buyer is compensated for buyer funds is old and well known

in the accounting art and / or retail art. It would have been obvious to one of ordinary

skill in the art at the time of applicant's invention to implement this feature of the

advantage of maintaining proper accounting entries according to generally accepted

accounting principles by closing inactive accounts and distributing any balances due for

subsequent audits.

As per claim 4,

A method as recited in claim 3, further comprising keeping a transaction log of all of the

buyer purchases and requests for refund./ fig 1 (10, 12abc, where the receipt server

logs the transaction); col 1, L 26-31 where accounting entries based on a transaction

log to account for purchases and requests for refunds must be made to accurately

reflect the effect of all transactions); col 3, L 52-56 (transaction log via receipt for tax

purposes as receipts reflect accounting transactions); col 4, L 48-50 (transaction log as

to "keep track" and "to track the sequence of interactions"); col 5, L 1-19 and col 6, L

63-67 where "summary of the details" and to "monitor" can entail the keeping of a

transaction log or T accounts for entries of purchases and requests for refunds.

As per claim 5,

A method as recited in claim 4, further comprising the step of checking the

transaction log to determine if the at least one of the corresponding ones of

the items was previously purchased by the buyer and at times when the at

least one of the corresponding ones of the items was not previously

purchased by the buyer inhibiting step E) from occurring. / fig 1(20,12abc,13); col 5, L 1-

19 and col 6, L 63-67 where "summary of the details of a purchase" and "monitor" can

entail the keeping of a transaction log or T accounts for entries of purchases; inhibiting

refunds under step E is a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 6,

A method as recited in claim 5, further comprising checking the transaction log to

determine if the buyer selected request to refund the cost of the at least one of the

corresponding ones of the items was previously made and at times when the buyer

selected request to refund the cost of the at least one of the corresponding ones of the

items was previously made inhibiting step E) from occurring. / fig 1(20,12abc,13); col 5,

L 1-19 and col 6, L 63-67 where "monitor the pattern of refund-granting" can entail the

keeping of a transaction log or T accounts for entries of requests for refunds; inhibiting

refunds under step E is a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 9,

A method as recited in claim 1, further comprising keeping a transaction log of all of the

buyer purchases and requests for refund. / fig 1(20,12abc,13); col 5, L 1-19 and col 6,

L 63-67 where "summary of the details of a purchase" and "monitor the pattern of

refund-granting" can entail the keeping of a transaction log or T accounts for accounting

entries of purchases and refunds; inhibiting refunds under step E is a possible result of

"whether a refund is reasonable"(col 5, L 14)

As per claim 10,

A method as recited in claim 9, further comprising the step of checking the transaction

log to determine if the at least one of the corresponding ones of the items was

previously purchased by the buyer and at times when the at least one of the

corresponding ones of the items was not previously purchased by the buyer inhibiting

step E) from occurring. / fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where

"summary of the details of a purchase" and "monitor" can entail the keeping of a

transaction log or T accounts for entries of purchases; inhibiting refunds under step E is

a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 11,

A method as recited in claim 10, further comprising checking the transaction log to

determine if the buyer selected request to refund the cost of the at least one of the

corresponding ones of the items was previously made and at times when the buyer

selected request to refund the cost of the at least one of the corresponding ones of the

items was previously made inhibiting step E) from occurring. / fig 1(20,12abc,13); col 5,

L 1-19 and col 6, L 63-67 where "monitor the pattern of refund-granting" can entail the

keeping of a transaction log or T accounts for entries of requests for refunds; inhibiting

refunds under step E is a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 12,

A payment computer having a computer-readable medium including computer-

executable instructions for performing the steps in the computer-implemented method of

claim 1. / fig 2(132: payment broker server); col 1, L 26-30, L 55 to col 2, L 10; col 2, L

52-56

As per claim 13.(New)

A method for facilitating electronic refunds in an online commercial transaction, the

method comprising the steps of:

A) receiving at a payment computer a plurality of requests from the buyer computer to

purchase items, each of the plurality of requests being associated with a corresponding

one of the items, the payment computer including a vault having buyer funds therein

and a refund account for a buyer;/ col 1, L 25-34, L 65-68, and claim 1 are the network;

col 2, L 1-8, fig 1(11, where B=broker) and claim 1(L 27-35) are the price tag server

acting as the payment computer where the payment computer is part of broker system

(col 1, L65-67) which has a vault equivalent(col 6, L 33-35: consumer has an account

with the broker which "holds resources" and thus acts as a vault or wallet or reserve for

paying for access to the ppv (paid for view information) noting that the applicant in the

specification (page 15, L 9-27), fig 2(132,172) also has a broker computer architecture;

col 2, L 25-31, L 52-56, claim 1(L 27-35); fig 1(20,11),col 1, L 25-30, L 61-64(all refer to

a buyer computer over the internet or network); refund account for buyer "C"=consumer:

fig 1(20,13); col 2, L 5-16, L 52-64; claim 7 f,g; fig 1 (13, 20); col 2, L 1-16; where an

item would be a pay for view program or a unit of pay per view information B) Barber

teaches accepting the plurality of requests to purchase items and debiting the vault to

account for costs related to all of the items; / col 6, lines 19-21, lines 33-38. Barber fails

to explicitly teach the feature of debiting a vault. Official notice is taken that this feature

of debiting a vault or an asset reserve equivalent on the "books" of the broker is old and

well known in the accounting art and / or retail art. It would have been obvious to one of

ordinary skill in the art at the time of applicant's invention to implement this feature for

the advantage of maintaining proper accounting entries according to generally accepted

accounting principles for subsequent audits.

C) receiving at the payment computer from the buyer computer a buyer selected

request to refund the cost of at least one of the corresponding ones of the items; and/

col 2, L 1-16; col 5, L 44-51; col 5, L 58-64

D) Barber teaches receipt of the request to refund,/ fig 1(20,13); col 6, L61-62.

However, Barber does not explicitly teach the payment computer accounting for the

cost of the at least one of the corresponding ones of the items in the refund account and

credits the vault with the cost of the at least one of the corresponding ones of the items

thereby effectuating a refund to the buyer. Official notice is taken that this feature of the

payment computer accounting for the cost of the at least one of the corresponding ones

of the items in the refund account and credits the vault or a reserve asset account with

the cost of the at least one of the corresponding ones of the items thereby effectuating a

refund to the buyer is old and well known in the accounting art and / or retail art. It

would have been obvious to one of ordinary skill in the art at the time of applicant's

invention to implement this feature of the payment computer accounting for the cost of

the at least one of the corresponding ones of the items in the refund account and credits

the vault with the cost of the at least one of the corresponding ones of the items thereby

effectuating a refund to the buyer for the advantage of maintaining proper accounting

entries according to generally accepted accounting principles for subsequent audits.

As per claim 15.(New)

Barber does not explicitly teach that the buyer is compensated for buyer funds

remaining in the vault at the time the vault is rendered inactive. Official notice is taken

that this feature of that the buyer is compensated for buyer funds is old and well known

in the accounting art and / or retail art. It would have been obvious to one of ordinary

skill in the art at the time of applicant's invention to implement this feature of the

advantage of maintaining proper accounting entries by closing inactive accounts and

distributing any balances due for according to generally accepted accounting principles

subsequent audits.

As per claim 16.(New)

A method as recited in claim 3, further comprising keeping a transaction log of all of the

buyer purchases and requests for refund./ fig 1 (10, 12abc; where the receipt server

logs the transaction); col 1, L 26-31 where accounting entries based on a transaction

log to account for purchases and requests for refunds must be made to accurately

reflect the effect of all transactions); col 4, L 48-50 (transaction log as to "keep track"

and "to track the sequence of interactions"); col 5, L 1-19 and col 6, L 63-67 where

"summary of the details" and to "monitor" can entail the keeping of a transaction log or

T accounts for entries of purchases and requests for refunds.

As per claim 17.(New)

A method as recited in claim 4, further comprising the step of checking the transaction

log to determine if the at least one of the corresponding ones of the items was

previously purchased by the buyer and at times when the at least one of the

corresponding ones of the items was not previously purchased by the buyer inhibiting

step D) from occurring./ fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where

"summary of the details of a purchase" and "monitor" can entail the keeping of a

transaction log or T accounts for entries of purchases; inhibiting no refunds is a possible

result of "whether a refund is reasonable"(col 5, L 14)

As per claim 18.(New)

A method as recited in claim 5, further comprising checking the transaction log to

determine if the buyer selected request to refund the cost of the at least one of the

corresponding ones of the items was previously made and at times when the buyer

selected request to refund the cost of the at least one of the corresponding ones of the

items was previously made inhibiting step D) from occurring./ fig 1(20,12abc,13); col 5,

L 1-19 and col 6, L 63-67 where "monitor the pattern of refund-granting" can entail the

keeping of a transaction log or T accounts for entries of requests for refunds; granting

refunds under step D is a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 21. (New)

A method as recited in claim 1, further comprising keeping a transaction log of all of the

buyer purchases and requests to refund./ fig 1(20,12abc,13); col 5, L 1-19 and col 6, L

63-67 where "summary of the details of a purchase" and "monitor the pattern of refund-

granting" can entail the keeping of a transaction log or T accounts for entries of

purchases and refunds; inhibiting refunds under step E is a possible result of "whether a

refund is reasonable"(col 5, L 14)

As per claim 22.(New)

A method as recited in claim 9, further comprising the step of checking the transaction

log to determine if the at least one of the corresponding ones of the items was

previously purchased by the buyer and at times when the at least one of the

corresponding ones of the items was not previously purchased by the buyer inhibiting

step D) from occurring./ fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where

"summary of the details of a purchase" and "monitor" can entail the keeping of a

transaction log or T accounts for entries of purchases; inhibiting step D is a possible

result of "whether a refund is reasonable"(col 5, L 14)

As per claim 23.(New)

A method as recited in claim 10, further comprising checking the transaction log to

determine if the buyer selected request to refund the cost of the at least one of the

corresponding ones of the items was previously made and at times when the buyer

selected request to refund the cost of the at least one of the corresponding ones of the

items was previously made inhibiting step D) from occurring./ fig 1(20,12abc,13); col 5,

L 1-19 and col 6, L 63-67 where "monitor the pattern of refund-granting" can entail the

keeping of a transaction log or T accounts for entries of requests for refunds; inhibiting r

step D is a possible result of "whether a refund is reasonable"(col 5, L 14)

As per claim 24.   (New)

A payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 1./ refer to reasoning under claim 1

6.   Claims 2, 7, 8, 14,19 and 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Barber (US 6,349,288) and in view of Rose et al. (US 5,757,917).

As per claim 2,

-Barber teaches the steps of processing additional buyer selected requests to refund the costs of other ones of the corresponding ones of the items/ fig 1 (10,12abc,13); col 2, L 5-16; col 6, L 45-51, 61-62. However, Barber does not explicitly teach the accounting for the costs of the other ones of the corresponding ones of the items in the refund account. Official notice is taken that this feature of the accounting for the costs of the other ones of the corresponding ones of the items in the refund account is old and well known in the accounting art and / or retail art. It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to implement this feature of the accounting for the costs of the other ones of the corresponding ones of the items in the refund account for the advantage of maintaining proper accounting entries according to generally accepted accounting principles for subsequent audits.

-Barber teaches times when a total cost of all requests to refund that are accounted for in the refund account in a vault/ fig 1 (10,13); col 4, L 48-57, col 5, L 14-18: "monitor the pattern of refund-granting" implies the accounting that must "go along" with the transaction. However, Barber does not explicitly teach the exceeding of a threshold

value, rendering the vault inactive. Rose teaches exceeding a threshold value level/col

9, L 2-22(vault: "cardholder account"; exceeding: "more than a certain number"; inactive:

"suspended"). It would have been obvious to one of ordinary skill in the art at the time

of applicant's invention to implement this feature of the exceeding of a threshold value,

rendering the vault inactive for the advantage of maintaining proper accounting entries

by closing accounts for subsequent audits and preventing fraud due to excessive

refunds. In an analogous fashion, bad debts or refunds on the "books" lasting 90 days

as a threshold value for example, would be respectively written off for bad debts or

refunds returned (or added to miscellaneous income or offset against accounts payable)

and the account would then be inactive.

As per claim 7,

Barber teaches a method as recited in claim 6, further comprising keeping at the

payment computer a count of the number of additional requests to refund the costs of

other ones of the corresponding ones of the items and inhibiting step E) from

occurring./ fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where "monitor the

pattern of refund-granting" can entail the keeping of a transaction log or T accounts for

entries of requests for refunds; inhibiting refunds under step E is a possible result of

"whether a refund is reasonable"(col 5, L 14).

However, Barber does not explicitly teach exceeding a threshold number. Rose teaches

exceeding a threshold value level/col 9, L 2-22(exceeding: " more than a certain

number"). It would have been obvious to one of ordinary skill in the art at the time of

applicant's invention to implement this feature of the exceeding of a threshold value,

rendering the vault inactive for the advantage of maintaining proper accounting entries by closing accounts for subsequent audits and preventing fraud due to excessive refunds. In an analogous fashion, bad debts or refunds on the "books" lasting 90 days as a threshold value for example, would be respectively written off for bad debts or refunds returned (or added to miscellaneous income or offset against accounts payable) and the account would then be inactive.

As per claim 8,

Barber teaches a method as recited in claim 7, further comprising at times when all costs accounted for in the refund account / fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where "monitor the pattern of refund-granting" can entail the keeping of a transaction log or T accounts for entries of requests for refunds; inhibiting refunds under step E is a possible result of "whether a refund is reasonable"(col 5, L 14). However, Barber does not explicitly teach not to exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value. Rose teaches not to exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value. / col 9, L 2-22: reset initial value: "upon reinstatement....'active' state" can contain the reset initial value; predetermined period of time: "certain period of time". It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to implement this feature of the exceeding of a threshold value, rendering the vault inactive for the advantage of maintaining proper accounting entries by closing accounts for subsequent audits and preventing fraud due to excessive refunds. In an analogous fashion, bad debts or refunds on the "books"

lasting 90 days as a threshold value for example, would be respectively written off for

bad debts or refunds returned (or added to miscellaneous income or offset against

accounts payable) and the account would then be inactive.

As per claim 14. (New)

Barber teaches the steps of processing additional buyer selected requests to refund the

costs of other ones of the corresponding ones of the items/ fig 1 (10,12abc,13); col 2, L

5-16; col 6, L 45-51, 61-62. However, Barber does not explicitly teach the accounting

for the costs of the other ones of the corresponding ones of the items in the refund

account thereby maintaining in the refund account data indicative of a total cost

associated with all requests to refund. Official notice is taken that this feature of the

accounting for the costs of the other ones of the corresponding ones of the items in the

refund account thereby maintaining in the refund account data indicative of a total cost

associated with all requests to refund is old and well known in the accounting art and /

or retail art a maintaining a running balance or total in an account. It would have been

obvious to one of ordinary skill in the art at the time of applicant's invention to implement

this feature of the accounting for the costs of the other ones of the corresponding ones

of the items in the refund account thereby maintaining in the refund account data

indicative of a total cost associated with all requests to refund for the advantage of

maintaining proper accounting entries according to generally accepted accounting

principles for subsequent audits.

- Barber teaches times when a total cost of all requests to refund that are accounted for

in the refund account / col 4, L 48-57, col 5, L 14-18: "monitor the pattern of refund-

granting" implies the accounting that must go along with the transaction. However,

Barber does not explicitly teach the exceeding of a threshold value, rendering the vault

inactive.   Rose teaches exceeding of a threshold value, rendering the vault inactive./

col 9, L 2-22(vault: "cardholder account"; exceeding: "more than a certain number"). It

would have been obvious to one of ordinary skill in the art at the time of applicant's

invention to implement this feature of the exceeding of a threshold value, rendering the

vault inactive for the advantage of maintaining proper accounting entries by closing

accounts for subsequent audits and preventing fraud due to excessive refunds. In an

analogous fashion, bad debts or refunds on the "books" lasting 90 days as a threshold

value for example, would be respectively written off for bad debts or refunds returned

(or added to miscellaneous income or offset against accounts payable) and the account

would then be inactive.

As per claim 19. (New)

Barber teaches a method as recited in claim 6, further comprising keeping at the

payment computer a count of the number of additional requests to refund the costs of

other ones of the corresponding ones of the items and inhibiting step D) from occurring /

fig 1(20,12abc,13); col 5, L 1-19 and col 6, L 63-67 where "monitor the pattern of

refund-granting" can entail the keeping of a transaction log or T accounts for entries of

requests for refunds; inhibiting refunds under step E is a possible result of "whether a

refund is reasonable"(col 5, L 14). However, Barber does not teach exceeding a

threshold number. Rose teaches exceeding a threshold number /col 9, L 2-

22(exceeding: "more than a certain number"). It would have been obvious to one of

ordinary skill in the art at the time of applicant's invention to implement this feature of

the exceeding of a threshold value for the advantage of maintaining proper accounting

entries by closing accounts for subsequent audits and preventing fraud due to

excessive refunds. In an analogous fashion, bad debts or refunds on the "books"

lasting 90 days as a threshold value for example, would be respectively written off for

bad debts or refunds returned (or added to miscellaneous income or offset against

accounts payable) and the account would then be inactive.

As per claim 20.(New)

A method as recited in claim 7, further comprising at times when all costs accounted for

in the refund account do not exceed the threshold value over a predetermined period of

time, resetting the refund account to an initial value./ refer to reasoning under claim 8

APPELLANT ARGUMENTS

Rejection 1

Argument for Claims 1. 3-6.9-13, 15-18. and 21-24.

As discussed above, the instant invention is directed to a refund system

and method in which a refund or dispute account tracks the refund activity of an

individual buyer. In particular, and as set forth in step E) of claim 1 and step D) of

claim 13, the refund activity of the buyer that is being tracked is the costs

associated with approved refunds given to the Individual buyer. The refund account

is different from the buyer's vault which contains a buyers funds that can be used for

purchases. When a refund is given to a particular buyer it is credited to their vault

and also accounted for separately in the refund account. Thus, while the accounting

for the refund in the vault ensures that the funds in the buyers vault accurately

reflects the current status of all refunds and purchases, the refund account provides

a view of the total cost refund activity by a particular buyer over time. The provision

of this refund account allows for the easy identification of potential refund abusers

by simply reviewing the current status of the refund cost account associated with

any particular buyer. It Is submitted that Barber does not teach or suggest the

claimed refund account in which refunds are tracked separate from the total refund

and purchase activity that are accounted for In a buyers vault as discussed in more

detail below.

Barber is directed to a highly distributed networked server architecture that

permits consumers to obtain a refund for previous purchases of pay per view

content (col. 1 lines 9-12 and Figure 1). In Barber, when a consumer 20 wants a

refund they link to a refund server 13 and, via interaction I_6, must provide an

explanation as to why the refund is wanted. In interaction I_6 the refund server 13

provides the consumer's explanation to the vendor 22 from whom the content was

purchased. The vendor 22 then grants or denies the refund and the server 13 tracks

how often a particular consumer requests a refund and how often the vendor has

granted refunds. (col. 4, lines 42-60).

In Barber, there is no refund account that tracks there funded cost to a buyer as set forth in Independent claims 1, 12,13, and 24. The tracking of the actual refunded costs for each particular buyer is important because it allows, for example, a threshold value to be set which, when exceeded can be used as the basis for automatically rendering the buyer's vault inactive (see for example claims 2 and 14). Thus, the use of the claimed refund account permits for the implementation of a self regulating refund authorization process. It Is to be noted that this concept is directly opposite to the teachings of Barber which requires the refund decision to be left in the hands of the vendor 22 based on the vendors analysis of the refund explanation provided by the consumer 20.

The Examiner recognizes that Barber does not teach or suggest the buyers refund account but takes Official Notice that such an account is known from standard accounting In the retail art and provides some accounting references to support the Official Notice position. Unfortunately, the references provided by the Examiner (Intermediate Accounting, Accounting Handbook, and College Accounting all simply discuss that returns and allowances are separately accounted for instead of being debited directly to the sales account. However, such accounting is not tracking the cost refund activity of a particular buyer but is an aggregate of all returns and allowances for an Individual corporation.

In view of the above it is submitted that 1) Barber does not teach or suggest

the claimed use of the buyer's refund account, 2) the examiner has not provided

support for his Official Notice position, 3) the combination of Barber with the

accounting references cited, but not applied by the examiner, do not create the

claimed invention, and 4) even assuming arguendo that the accounting references

are applicable, there is no teaching or suggestion for their combination with Barber

as set forth by the examiner. Obviousness cannot be established by combining the

teachings of the prior art to produce the claimed invention absent some teaching,

suggestion, or incentive supporting the combination. ACS Hospital Systems Inc. v.

Montefiore Hospital, 732 F2d 1572, 1577, 221 USPQ 929, 939 (Fed Mr. 1984)

EXAMINER responds to the vault and account argument: Applicant in the Brief argues

that the "vault" of claim 1, paragraph A) is not taught by Barber. The "vault" in claim 1

has buyer funds therein. Barber (col. 6, lines 32-35) teaches an account where

resources are held for paying like Applicant's vault. Barber's account in this passage has

buyer's funds therein and thus is a vault as claimed. Moreover, the refund account in

Barber is defined by the refund server 13 (col. 4, lines 43-58).

EXAMINER responds to the separate tracking argument by stating that the refund

account is tracked in a separate refund server (Barber: col. 6, L 45-52) where the refund

server even provides a specific consumer a means for explaining why a refund should be granted (col. 6, L 53-64). Moreover, separate tax receipts (col 3, L 49-56) also reflect separate tracking from the total refund by the deduction from expenses for the refund as reflected by the tax receipts.

Rejection 2

Argument for claims 2 and 14

As discussed above, both claims 2 and 14 recite that there is a threshold value associated with the refund account. The threshold value is set so that when the total refund costs being tracked in the refund account exceed the threshold value, the buyer's vault is automatically rendered inactive *by the* payment computer. This provides for a simple and cost effective refund system that permits refunded up to a certain total amount, but prevents refunds beyond that amount. This allows legitimate buyers flexibility in obtaining refunds without going through a robust process while at the same time securing the system from potential refund abusers.

The examiner admits that Barber does not teach or suggest the claimed refund account threshold mechanism but states that Rose teaches this limitation in column 9 lines 2-22. However, such is not even close to being the case. What Rose discusses

at column 9 lines 2-22 is that a message is sent to a buyer 20 requesting the buyer to

verify whether a certain payment should be made. If no answer is received from the

buyer, the message may be sent several more times. In the event that a threshold

number of unanswered messages are sent to the buyer, the buyer's cardholder

account 100 is suspended. Thus. Rose has nothing to do with tracking buyer refunds

in a refund account and rendering a buyers vault inactive when the total refund costs

in the refund account exceed the threshold value. It Is true that Rose teaches

suspending an account if a threshold number of messages are not responded to by

the buyer. However, to make the leap that one skilled in the art would first

establish the claimed refund account and use the refund threshold as claimed based

on the teachings of Rose is not reasonable. If anything, Rose might suggest that in

the structure of the instant specification if the buyer computer did not respond to the

payment computer for a predetermined number of messages, the buyers vault should

be rendered inactive. It is thus submitted that the combination of Barber and Rose

does not render claims 2 and 14 unpatentable. It is also very dear that the examiner

has not pointed to something in the prior art that suggests in some way the proposed

modification of Barber in view of Rose to arrive at the claimed invention. Absent such

a showing the examiner has impermissibly used the Applicant's teaching to hunt

through the prior art to allegedly create the Applicants' claimed invention. - In re

Laskowski, 871 F. 2d 115, 117, 10 USP02D 1397, 1398 (Fed. Cir. 1989) It

should also be noted that Rose does not teach or suggest the claimed refund

account. Rose Is directed to a transaction system that controls the ordering and

payment of goods 'between a buyer 20 and a seller 28 over a communication

channel such as the Internet 12. The Invention of Rose is directed to sum payment

system 10. Payment system 10, however, doesn't perform any accounting but Is

simply hardware and software that ensures that confirmation from the buyer 20 is

received prior to the payment system 10 forwarding a seller 28 request for payment to

a conventional credit card system 115, 117, and 30. Rose does not teach or suggest

the claimed steps of crediting a vault at a payment computer with a refund request

amount while at the same time accounting for the refund request amount In a

separate refund account at the payment computer.

EXAMINER responds to the threshold argument by referring to the office action: Rose:

col. 9, L 2-22

Argument for Claims 7 and19

Claims 7 and 19 recite that in addition to tracking the refund costs in the refund

account the payment computer also tracks the total number of refund requests made

for each individual buyer. A number threshold Is established so that if the total

number of refund requests exceeds the number threshold, the ability to provide a

refund is inhibited. This is yet another way to prevent potential abuse of the automatic

refund system by focusing on the number of refund requests versus the total refund

costs. The examiner uses the exact same portion of Rose, column 9, lines 2-22, as he did for claims 2 and 14, to state that the subject matter of claims 7 and 19 are rendered obvious. Once again, Rose only teaches suspending an account if a buyer does not respond to a predetermined number of messages. This has nothing to do rendering a refund capability inactive based on an excessive number of refund requests. It is thus submitted that the combination of Rose and Barber does not render claims 7 and 19 obvious. Further, it is submitted that there is no teaching or suggestion in either Rose or Barber for their combination as suggested by the examiner.

EXAMINER responds by stating that Barber (col. 4, L 46-50) discloses how often a particular customer has requested a refund and how often the vendor granted the refunds which suggests inactivating the refund capability.

Argument for Claims 8 and 20

Claims 8 and 20 recite that if the refund cost threshold value is not exceeded in the refund account over a predetermined period of time, the refund account is reset to an initial value. This feature recognizes that if the refund

account Is left to account for all refunds for a long enough period of time, even an

Innocent user of the refund system could eventually reach the threshold value.

Thus, by establishing a predetermined period of time threshold in conjunction

with the refund threshold value a more reasonable balance is achieved thereby

precluding legitimate users of the refund system from having their refund

capability eliminated prematurely.

The examiner admits that Barber does not teach or suggest this limitation and

relies on Rose's teaching that an account can be rendered inactive if a consumer

doesn't respond to a predetermined number of message queries. It is submitted

that combining Rose's teaching with the teachings of barber does not produce

the invention of claims 8 and 20. Once again it Is also submitted that there is no

motivation for the combination of Barber (col 4, L 46-50) discloses how often a

particular customer has requested a refund and how often the vendor granted the

refunds which suggests inactivating the refund capability.

EXAMINER responds by stating that Barber (col. 4, L 46-50) discloses how often a

particular customer has requested a refund and how often the vendor granted the
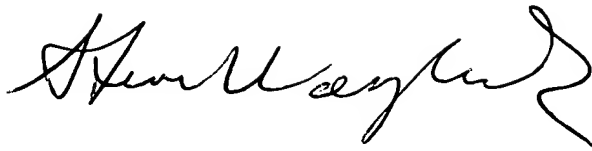
refunds which suggests inactivating the refund capability

SUMMARY It Is submitted for each of the reasons enumerated above that the Examiner has established a prima facie case of obviousness for claims 1-24. Accordingly, Examiner respectfully requests that the Board uphold the Examiner with respect to the outstanding rejections set forth in the final Office Action.

Respectfully submitted,

Steven R. Wasylchak

January 23, 2005

Conferees: Vincent Millin
             J, T.
             Joseph Thomas

VINCENT MILLIN
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600

Steven Shapiro

Pitney Bowes Inc.

35 Waterview Dr.

Shelton, Conn. 06484